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Leveraged Loan Insight & Analysis – 6/22/2015

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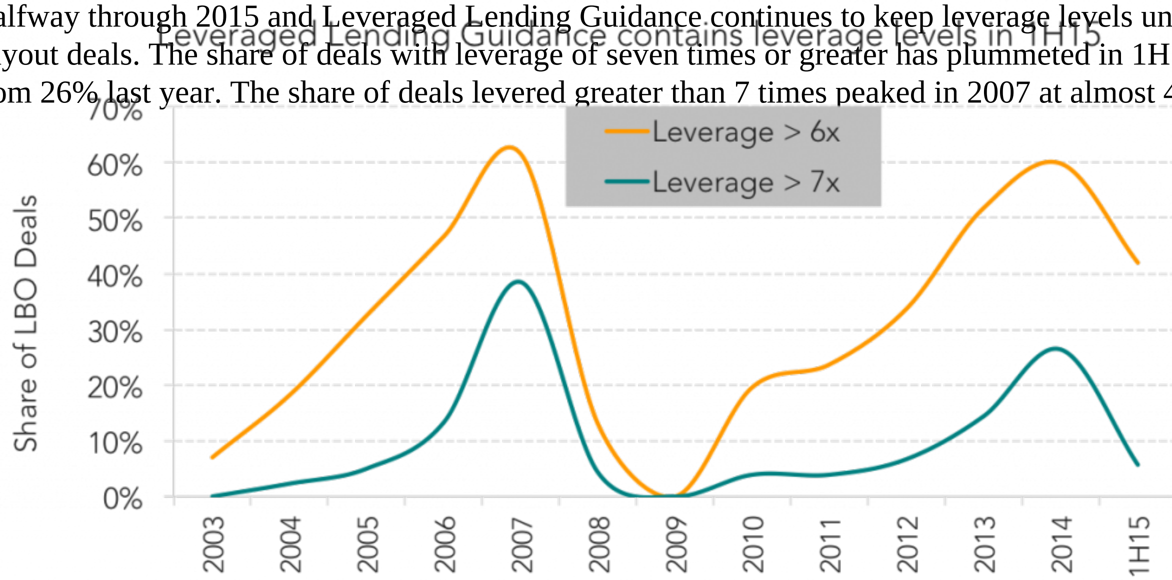
Halfway through 2015 and Leveraged Lending Guidance continues to keep leverage levels under control on buyout deals. The share of deals with leverage of seven times or greater has plummeted in 1H15 to only 5.7% from 26% last year. The share of deals levered greater than 7 times peaked in 2007 at almost 40%.



Furthermore, the share of deals levered 6 times or more has also dropped to 42% in 2015, down from 60% last year. This quarter, arrangers have pushed several deals to the mid six times area for issuers such as Air Medical, Prime Source Building Products, and Sterigenics. However, the average deal in 2Q15 is around 6.0 times, in line with the Guidance. Leverage on middle market buyout deals has actually contracted for the third consecutive quarter. Leverage is averaging around 5.16 times, down from 5.32 times in 1Q15, 5.39 times in 4Q14 and down from the peak of 5.96 times seen in 3Q14

Contact: Fran Beyers
frances.beyers@thomsonreuters.com